

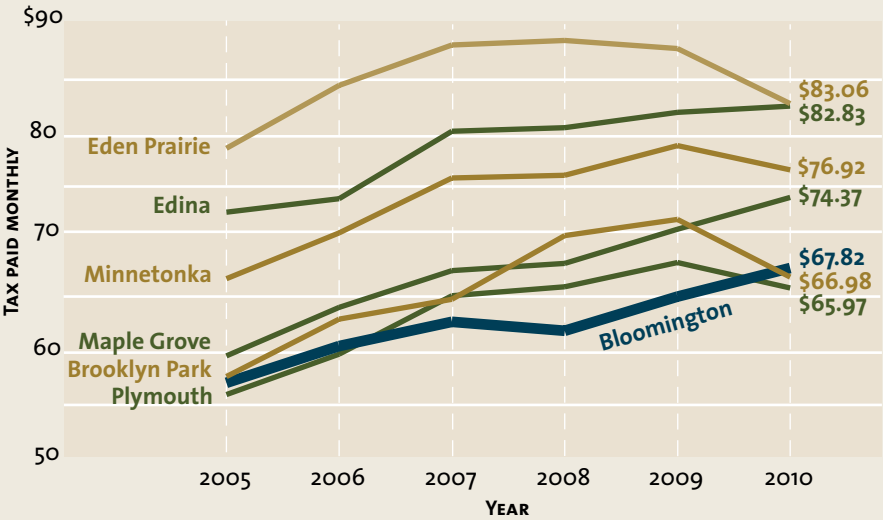
ON COURSE FOR A BRIGHTER FUTURE
LONG-TERM PLANNING CREATES A MORE SUSTAINABLE BLOOMINGTON

By Mayor Gene Winstead

Robust communities like Bloomington provide the opportunity to live close to neighbors and friends, while still being able to enjoy easy access to retail, culture, parks and recreation and educational opportunities. Bloomington offers valuable services such as public safety, transportation, and parks and recreation that would either not be available or much more expensive to provide in other communities.

Because of the unique package of benefits found in the metro area, the market values of properties are substantially higher than similar properties found in most communities in Greater Minnesota. Residents of communities like Bloomington find they can gain maximum benefit from jointly

CITY PROPERTY TAX ON MEDIAN VALUE SINGLE-FAMILY HOME



sharing the risks, opportunities and rewards in both good times and bad.

While expectations of an improving economy and more stable property values exist, people are understandably concerned about the future. Reinvesting and maintaining public infrastructure is one way to reduce the overall cost of City services.

The City’s strong financial position, coupled with long-term budgeting strategies, help us manage in good and bad economic times. This allows the City to take advantage of the lower commodity prices in the downturn, which contributes to Bloomington being cost competitive in comparison to similar cities in Hennepin County. The graph above shows that in a comparison of seven metro suburbs, Bloomington is third lowest in average taxes paid by a single-family property owner.

The City is now finalizing the 2011 budget and property tax levy. The total property tax dollar levy for 2011 will be a slight decrease from the 2010 levy. This decrease means that the owner of a median-valued home will not see a change in 2011 in what they pay monthly for City property tax-supported services.

City services are provided to a home independent of its property value. Therefore, the cost of City services for a home on an 80-foot lot is the same whether that home is valued at \$200,000 or \$500,000. I often hear, “Why don’t property taxes and property values in Minnesota move in the same direction?” In Minnesota, local governments, including the City, school district and county, approve a total property tax dollar levy amount. Then that amount is divided by the total property tax capacity for the jurisdiction to yield the rate. This is the opposite of what is done in some other states where the local government sets the rate and the total property tax received is calculated based on the rate.

For example, the property value of a median-valued home in Bloomington, since 1996, has had an average annual value increase of 4.76 percent. The City’s total property tax dollar levy has averaged only a 3.72 percent increase during the same 15-year time frame. Thus, the property rate per dollar of

home value has declined over the last 15 years. In 2011, out of 15 Hennepin County cities with populations of more than 20,000, Bloomington will be the only city setting a preliminary levy that is less than the 2010 levy. (All 15 cities have experienced a tax base decrease, with our decline being average.)

Additionally, although the state has significant budget issues, several communities have set their preliminary budget and levy based on an assumption that they will receive State Aid revenues. Subsequent state cuts to deal with a projected \$5.8 billion shortfall could well reduce total general fund revenues in these cities and cause some to make additional service cuts. Bloomington has assumed that no local government aids or market value credit will be received; therefore, state reductions will not impact the City’s 2011 budget.

What’s the bottom line? Bloomington will continue to be among the most cost-competitive City service providers in Hennepin County.

As part of our ongoing strategy to be a sustainable community, we as a City Council review and prioritize all City services. *See graphic on left.* The most critical services, such as public safety and infrastructure, consume nearly 68 percent (\$46 a month) of the City’s total expenditures, followed by community safety, planning, prevention and maintenance, which constitute 16 percent (\$11 a month) of a homeowner’s monthly tax dollar. Quality of life services are also 16 percent (\$11 a month). Many arts and recreation services generate significant user revenue and have limited City property tax assistance. These services also help reduce public safety costs and add to the quality of life in Bloomington.

While we all differ in our priorities, by working together we gain mutual benefits and end up with a much better outcome. This team effort is how we operate as a City Council. None of us individually govern, but as a group we can be quite effective.

For more information on the 2011 budget, including access to the entire “Just the Facts” Mayoral series, visit the City’s website.

WEBSITE KEYWORD: FINANCE.

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The City of Bloomington complies with all applicable provisions of the Americans with Disabilities Act (ADA), Section 504 of the Rehabilitation Act of 1973, and does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its services, programs, or activities. Upon request, accommodation will be provided to allow individuals with disabilities to participate in all City of Bloomington services, programs, and activities. The City has designated coordinators to facilitate compliance with the Americans with Disabilities Act of 1990 (ADA), and to coordinate compliance with Section 504 of the Rehabilitation Act of 1973 as mandated by the U.S. Department of Housing and Urban Development regulations. For more information, contact the Human Services Division, City of Bloomington, 1800 West Old Shakopee Road, Bloomington, MN 55431-3027; 952-563-8733 (Voice); 952-563-8740 (TTY).

Upon request, this information can be available in Braille, large print, audio tape and/or electronic format.